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DEPARTMENT OF STATE TELEGRAM

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ACTION ARA-14

INFO OCT-01 PM-06 L-03 CIAE-00 INR-06 NSAE-00 RSC-01
 DODE-00 E-11 TRSE-00 TRSY-11 AID-20 IGA-02 ACDA-19
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 FM AMEMBASSY LIMA
 TO SECSTATE WASHDC 9893
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 CINCSO

C O N F I D E N T I A L LIMA 6375

CINCSO FOR POLAD

SUBJECT: FOREIGN MILITARY SALES

REF: LIMA 4691

1. DURING MEETING YESTERDAY MORNING WITH MINISTER OF NAVY VICE ADMIRAL ELIAS AND HIS CHIEF OF STAFF REAR ADMIRAL SALMON, THE TWO LAUNCHED INTO AN ALMOST EMOTIONAL PRESENTATION OF THE SITUATION WHICH CONFRONTS THE PERUVIAN NAVY AS A RESULT OF WHAT THEY DESCRIBED AS OUR DE FACTO CESSATION OF FMS. THIS MATTER HAD OBVIOUSLY BEEN FESTERING FOR SOME TIME. OUR FIRST INDICATION OF HOW STRONGLY ELIAS AND HIS CHIEF OF STAFF FELT WAS IN CONNECTION WITH THE POSSIBLE WITHDRAWAL OF THE PERUVIAN NAVY FROM UNITAS XII (LIMA 4691). THE DEPARTMENT WILL RECALL AT THAT TIME THE MINISTER ASKED HOW LONG IT WOULD TAKE FOR THE DEPARTMENT TO COMPLETE ITS "REVIEW/ OF FMS POLICY TOWARD PERU, AND I EXPRESSED THE HOPE THAT THIS QUESTION WOULD BE RESOLVED WITHIN THE NEAR FUTURE, MEANING, MONTH OR TWO. THE MINISTER POINTED OUT THAT MORE TIME THAN THAT HAD ELAPSED AND THAT THE SITUATION WHICH CONFRONTED THE NAVY WAS BECOMING MORE SERIOUS EACH

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DAY. COMMUNICATIONS FROM HIS NAVAL ATTACHE IN WASHINGTON AND FROM THE EMBASSY ITSELF INDICATED THAT THE TOTAL SUSPENSION OF FMS WAS IN EFFECT, EVEN THOUGH WE HAD NOT SAID SO OFFICIALLY.

2. THE ADMIRAL SAID HE UNDERSTOOD SIMILAR, THOUGH NOT SO SEVERE, PROBLEMS CONFRONTED THE ARMY AND THE AIR FORCE. HE HAD PREPARED A BRIEFING FOR THE COUNCIL OF MINISTERS ON THE FMS PROBLEM WHICH HE DESCRIBED AS AN ACT OF DISCRIMINATION AGAINST PERU AND ECUADOR, BUT HE HAD NOT YET HAD AN OPPORTUNITY TO DISCUSS THE OBVIOUS FOREIGN RELATIONS ASPECTS OF THE MATTER WITH HIS COLLEAGUE FON MIN MERCADO. HE WOULD NOT BE ABLE TO GO INTO THIS UNTIL AFTER NOV 6 WHEN THE PRESENT SERIES OF CONFERENCES IN LIMA TERMINATED. ADMIRAL ELIAS REFERRED TO TOIA SERIES 4602 (SHIP LOAN AGREEMENT FEB 12 AND 26, 1960) WHICH PLACES THE RESPONSIBILITY ON PERU FOR THE MAINTENANCE OF SHIPS ON LOAN AND, AT THE SAME TIME BY INFERENCE OBLIGES THE US TO PROVIDE THE NECESSARY SPARE PARTS TO KEEP THE UNITS IN A STATE OF READINESS. THE ADMIRAL SAID THAT THE LAW WHICH HAD BEEN APPLIED OPENLY TO ECUADOR AND DE FACTO TO PERU MADE IT IMPOSSIBLE TO COMPLY WITH THIS AGREEMENT AND THAT THE USG WAS NOT LIVING UP TO ITS IMPLIED OBLIGATION AS SET FORTH IN THE AGREEMENT. ELIAS SAID HE WOULD BE RECOMMENDING TO THE FOREIGN MINISTER THAT THIS MATTER BE TAKEN UP WITH COUNSELOR FINCH WHEN HE ARRIVED IN NOVEMBER BUT HE ALSO ASKED FOR A FURTHER ESTIMATE FROM ME AS TO WHEN THE USG MIGHT FINALLY MAKE UP ITS MIND WITH REGARD TO FMS AND PERU. IF THE PRESENT SITUATION PERSISTED INDEFINITELY, THEN PERHAPS THE ONLY THING TO BE DONE WAS TO RETURN THE VESSELS WHICH WERE ON LOAN AND WHICH LACKED SPARE PARTS WHICH WERE NOT OBTAINABLE ANYWHERE EXCEPT IN THE USA.

3. I WENT INTO SOME DETAIL WITH THE MINISTER WITH REGARD TO OUR LEGAL PROBLEM AND ITS CONNECTION WITH THE TUNA FISHERY AND PERU'S CLAIM TO 200 MILES. I SAID THAT UNTIL WE WERE ABLE TO REACH A DECISION WITHIN THE USG AS TO WHAT OUR POLICY MIGHT BE TOWARD THE CEP COUNTRIES AND SUBSEQUENTLY ARRIVE AT A PRAGMATIC MODUS OPERANDI FOR OUR FISHING BOATS, IN ALL PROBABILITY WE WOULD NOT BE ABLE TO RESOLVE THE FMS PROBLEM. I TOLD HIM THAT THE VARIOUS

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RECOMMENDATIONS FROM INTERESTED DEPARTMENTS IN MY GOVERNMENT WERE NOW AT THE HIGHEST LEVEL OF THE EXECUTIVE BRANCH FOR A FINAL DECISION, AND I EXPECTED THAT WE WOULD BE LEARNING WHAT OUR POLICY WOULD BE WITHIN THE VERY NEAR FUTURE. (I APOLOGIZED FOR USING THESE SAME WORDS AGAIN, OHREE MONTHS AFTER HAVING USED THEM IN CONNECTION WITH UNITAS.)

4. AT THIS POINT, THE MINISTER, FOLLOWED BY HIS CHIEF OF STAFF, COMMENTED IN REGRETFUL TONE ON THE EFFECT OF THIS SEEMING IMPASSE IN THE RELATIONS BETWEEN THE TWO SERVICES. HE POINTED TO THE FACT THAT UNTIL NOW THE TWO NAVIES HAD ENJOYED THE CLOSEST OF RELATIONS AT ALL LEVELS, BUT THAT NOW JUNIOR OFFICERS AND THOSE IN COMMAND OF THE AFFECTED UNITS OF THE FLEET WERE BECOMING RESENTFUL OF THE FACT THAT THEY COULD NOT KEEP THEIR UNITS IN A STATE OF READINESS BECAUSE OF US ACTIONS. AGAIN, I ATTEMPTED TO POINT OUT THAT WE WERE REQUIRED TO COMPLY WITH THE LAW AND THAT I TOOK EXCEPTION TO HIS CONSTANT REFERENCE TO DISCRIMINATION AGAINST PERU AND ECUADOR, REMINDING THEM OF THE FACT THAT THE LAW PROVIDED NO DISCRETION ON THE PART OF THE EXECUTIVE. IN THE EYES OF THE LAW THERE WAS NO DIFFERENCE BETWEEN ECUADOR HAVING PICKED UP 20-ODD TUNA BOATS AND PERU HAVING PICKED UP ONLY ONE. I REMINDED THEM THAT THE LAW REQUIRED THAT ONE YEAR LAPSE BETWEEN THE CAPTURING OF A FISHING BOAT AND THE REOPENING OF FMS UNLESS WE COULD OBTAIN ASSURANCES THAT NO MORE BOATS WOULD BE CAPTURED. UNFORTUNATELY, WE WERE NOW FACING A NEW FISHING SEASON WITH POTENTIAL SEIZURES VERY MUCH A POSSIBILITY AS THE TUNA BOATS MOVE SOUTHWARD IN SEARCH OF FISH. I EXPRESSED THE HOPE (SOMEWHAT FORLORN) THAT PRIOR TO THE SEASON WE MIGHT HAVE REACHED SOME PRAGMATIC AGREEMENT.

5. COMMENT: AS WE HAVE POINTED OUT ON A NUMBER OF OCCASIONS, WE SEEM TO BE HEADING FOR SOMETHING OF A CONFRONTATION OVER FMS, NOT TO MENTION THE COMPLICATIONS INVOLVED IN THE PROBABILITY OF WHOLESAL CAPTURES OF FISHING BOATS DURING THE NEW SEASON. WHERE THIS MAY LEAD US IS DIFFICULT TO PREDICT. IT COULD WELL BE THAT THE GOP MAY DECIDE IN THE FACE OF CONTINUED DELAYS ON OUR PART THAT THEY MUST GET OUT FROM UNDER BY RETURNING THE SHIPS INVOLVED AND LOOK ELSEWHERE FOR THEIR NAVAL REQUIRE-

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MENTS. THIS IS OBVIOUSLY AN EVENTUALITY WHICH WE COULD NOT WELCOME BECAUSE OF ITS REPERCUSSIONS IN OTHER FIELDS.

6. ALL THIS POINTS TO THE FUTILITY OF CONGRESSIONAL ACTION LEADING TO LEGISLATION DESIGNED TO FORCE A COUNTRY SUCH AS PERU TO CONFORM TO OUR NOTION OF HOW THINGS SHOULD BE REGULATED ON THE HIGH SEAS. FAR FROM PERSUADING THIS GOVERNMENT TO KOWTOW, THE RESULT IS RESENTMENT AND A DETERIORATION IN OUR RELATIONS WHICH CAN ONLY BE OF ADVANTAGE TO OUR ENEMIES. AS ASSISTANT SECRETARY MEYER SAID OCTOBER 26 IN CHICAGO TO THE IAPA: "I FURTHER SUSPECT THAT THE MAJORITY OF OPINION WOULD BE THAT THE INTERESTED PARTIES SHOULD FIND A PRACTICAL SOLUTION TO THE FISHING CONFLICT INSTEAD OF ESCALATING PUNITIVE MEASURES."

7. I HOPE THE DEPARTMENT WILL BE IN A POSITION TO GIVE ME SOME ESTIMATE OF WHEN THE NSC MAY REACH A DECISION ON THE MEMO FOR MR. KISSINGER SUBMITTED BY THE CHAIRMAN, NSDM-122, OF AD HOC GROUP JOHN R. STEVENSON ON OCTOBER 5, 1971.

8. I COULD GO ON BUT I AM WELL AWARE THAT THE DEPARTMENT KNOWS FULL WELL THE DANGEROUS POTENTIAL WHICH THIS PROBLEM REPRESENTS.

GP-3.

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